

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2018-319-E

In the Matter of:)	
)	
Application of Duke Energy Carolinas, LLC)	REBUTTAL TESTIMONY OF
for Adjustments in Electric Rate Schedules)	KODWO GHARTEY-TAGOE
and Tariffs and Request for an Accounting)	FOR DUKE ENERGY
Order)	CAROLINAS, LLC

I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND CURRENT**
2 **POSITION.**

3 A. My name is Kodwo Gharthey-Tagoe, and my business address is 40 West Broad
4 Street, Greenville, South Carolina 29601. I am State President – South Carolina
5 for Duke Energy Carolinas, LLC (“DE Carolinas” or “Company”) and Duke
6 Energy Progress, LLC (“DE Progress”), both of which are wholly owned
7 subsidiaries of Duke Energy Corporation (“Duke Energy”).

8 **Q. DID YOU PREVIOUSLY FILE DIRECT TESTIMONY IN THIS**
9 **PROCEEDING?**

10 A. Yes.

II. PURPOSE AND SCOPE

12 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

13 A. The purpose of my rebuttal testimony is to provide an overview of the Company’s
14 rebuttal case.

15 **Q. WHO ARE THE OTHER WITNESSES PROVIDING REBUTTAL**
16 **TESTIMONY?**

17 A. The Company’s other witnesses filing rebuttal testimony in this case are:

18 1. **Kim H. Smith**, Director of Rates and Regulatory, who responds to the
19 recommendations of the South Carolina Office of Regulatory Staff (“ORS”) on
20 certain accounting and ratemaking adjustments. Witness Smith also responds to
21 the ORS’ recommendations with regards to deferred costs. Witness Smith

1 explains the deferrals in this case include carrying costs that are necessary to
2 ensure the Company recovers the full cost and effect of the deferral.

3 2. **Steven Capps**, Senior Vice President of Nuclear Operations. Witness
4 Capps' rebuttal testimony examines the establishment of end of life nuclear
5 reserve, reiterates that the estimates used to calculate end of life nuclear reserve
6 were appropriate, and why end of life nuclear reserve is in the best interest of
7 today's customers.

8 3. **John Sullivan**, Director, Corporate Finance and Assistant Treasurer,
9 explains his recommendation of updating the cost of long-term debt by proposing
10 a new rate of 4.53 percent, based on the actual cost of debt as of December 31,
11 2018, and further responds on the Company's view of the recommendations
12 concerning cost of capital.

13 4. **David L. Doss Jr.**, Director of Electric Utilities and Infrastructure
14 Accounting, responds to testimony filed by South Carolina Energy Users
15 Committee regarding the appropriate accounting for retirement obligations related
16 to coal ash. He explains that the Company properly adhered to accounting
17 guidance and appropriately began its Asset Retirement Obligation ("ARO")
18 accounting for coal ash costs upon being subject to legal obligations that triggered
19 those requirements.

20 5. **Janice Hager**, President of Janice Hager Consulting, LLC. Witness
21 Hager's rebuttal responds to testimony filed by Vote Solar, South Carolina State
22 Conference of the National Association for the Advancement of Colored People,
23 South Carolina Coastal Conservation League, Upstate Forever, and Hasala

1 Dharmawardena regarding their concerns in using the minimum system concept
2 to allocate distribution costs as customer related costs in Duke Energy Carolinas
3 Cost of Service Studies. Witness Hager also addresses the allocation of Advanced
4 Metering Infrastructure meter costs and uncollectible costs as customer related
5 costs. Finally, she addresses the composite allocator used for the Grid
6 Improvement Plan.

7 6. **Robert B. Hevert**, Partner at ScottMadden, Inc., provides model results
8 and quantitative and qualitative data throughout his rebuttal testimony to confirm
9 his original recommendation of a 10.75 percent Return on Equity (“ROE”), and
10 responds to other issues affecting ROE, and reiterates that the Company’s
11 proposed ROE of 10.50 percent is a more than reasonable request.

12 7. **Retha Hunsicker**, Vice President, Customer Connect-Solutions, explains
13 that the projected two-year average operating and maintenance expense for the
14 Customer Connect Program was derived from a disciplined process of using
15 known expenses, such as fixed fee contracts, professional services, change
16 management, and training to calculate overall program costs, and that the
17 Company’s proposed expenses are appropriate to include in rates as known and
18 measurable expenses.

19 8. **Jon F. Kerin**, Vice President, Coal Combustion Products Operations,
20 Maintenance and Governance, responds to the ORS and South Carolina Energy
21 Users Committee’s proposed disallowance of costs that the Company has
22 prudently incurred in closing ash basins in both North Carolina and South

1 Carolina. Kerin discusses the shared costs and benefits of the generation serving
2 DE Carolina's customers across state lines.

3 9. **Dr. Julius (Chip) Wright, Ph. D**, Managing Partner at J. A. Wright &
4 Associates, LLC, addresses several issues in regards to the cost recovery
5 disallowances for costs associated with coal combustion residuals as presented by
6 the ORS including: additional costs related to North Carolina laws and
7 regulations, litigation expenditures and accounting treatment of deferred costs.
8 Witness Wright also responds to the claim by South Carolina Energy Users
9 Committee that the Company's coal ash related costs are much higher than other
10 electric utilities and to the recommendation by the Sierra Club that recovery of
11 Coal Combustion Residuals ("CCR") expenses be conditioned on the Company's
12 completion of a retirement analysis. Witness Wright also addresses several other
13 policy issues present in this case.

14 10. **Jay W. Oliver**, General Manager of Grid Solutions Engineering and
15 Technology, responds to concerns regarding the Company's proposed Grid
16 Improvement Plan. Witness Oliver groups his response into three principal
17 issues: the request for a separate proceeding for reviewing the Company's Grid
18 Improvement Plan ("GIP"), the request for more information regarding the
19 benefits that the proposed GIP will provide, and the need for a more detailed GIP
20 design.

21 11. **Michael J. Pirro**, Director of Southeast Pricing and Regulatory Solutions,
22 addresses several concerns posed by the intervenors including: the Basic Facilities
23 Charge; the recommended rate class returns; Advanced Metering Infrastructure

1 (“AMI”) enabled rate designs; the GIP; the refunding of revenues under the
2 Excess Deferred Income Tax Rider; and the Company’s Hourly Pricing rate
3 schedule.

4 12. **Steve Immel**, Vice President of Fossil Hydro Operations, addresses the
5 recommendation by the Sierra Club to request that the Company perform a
6 comprehensive economic analysis before making capital investments at the
7 Company’s coal-fired stations. As Witness Immel outlines in his testimony,
8 mandating the performance of retirement analyses prior to Company decisions to
9 make capital improvements limits the Company’s ability to use its best judgment
10 and experience to manage its generation fleet.

11 13. **Renee Metzler**, Managing Director for Retirement and Health and
12 Welfare, responds to ORS proposed disallowances related to compensation and
13 employee engagement related expenses. Witness Metzler explains how
14 consideration of the various components of total compensation in isolation
15 ignores the Company’s obligation to be responsive to the market for talent and
16 assure the competitiveness of the total compensation package. Witness Metzler
17 demonstrates that the proposed disallowances of items like contribution awards,
18 lump sum merit increases, service and safety awards, along with other employee
19 benefits, are inappropriate and should be rejected by the Commission.

20 14. **Lesley Quick**, Vice President of Revenue Service, discusses the need to
21 include the Company’s growth projections in the proposed adjustment for
22 credit, debit and ACH payment expenses. Witness Quick also addresses the
23 request to publicly provide monthly detailed data for residential customers and

1 low-income customers, citing that the level of detail the Company currently
2 provides pertaining to service disconnects is sufficient.

3 **III. REBUTTAL TESTIMONY**

4 **Q. PLEASE PROVIDE AN OVERVIEW OF THE COMPANY'S REBUTTAL**
5 **CASE.**

6 A. When I consider the positions taken by the ORS, I'm concerned about the effect
7 of its position on the Company's financial condition, which directly affects our
8 ability to provide safe, clean, reliable electricity to our customers. There are
9 many contradictions in the ORS case which concern me, as I explain below and as
10 other witnesses address in this case. The ORS consultant and witness Dan Witliff
11 departs from the historic practice of allocating costs between South Carolina and
12 North Carolina. Historically, all of the Company's generation costs are allocated
13 between the two states, as well as fuel costs and associated costs. Now, the ORS
14 proposes to disallow certain environmental compliance costs due to the ORS's
15 view of a North Carolina law. This is a concerning position, and could result in
16 more costs being allocated to South Carolina, as explained by Company Witness
17 Dr. Wright. North Carolina generally pays 70 percent of the Company's costs – if
18 North Carolina took the same view as South Carolina, there could be a
19 monumental cost shift to customers in this State.

20 I also see a contradiction in the ORS position that attempts to devalue and
21 effectively disallow the costs the Company has incurred to finance deferred costs.
22 The ORS takes this position but yet argues that it is allowing the Company full
23 cost recovery, which is not the case as explained by Company Witness Smith and

1 others in this case. This view is even more contradictory in that ORS Witness
2 Parcell suggests lowering the allowed return on equity in this case based on such
3 deferrals, but then the ORS argues to reduce such deferrals. That is not logically
4 consistent. As to the ROE proposed by the ORS, I'm concerned with their
5 proposal to set such a low ROE, and that in doing so they are ignoring the ROEs
6 of similarly situated utilities as explained by Witnesses Hevert and Sullivan.

7 I am also concerned about the disallowance recommendation from ORS
8 related to community organizations, employee compensation and employee
9 recognition and engagement expenses. No one has challenged our overall salary
10 levels, rather the ORS proposes to disallow compensation based on how we pay,
11 versus what we pay. Only looking at one piece of employee compensation, as the
12 ORS has done, ignores the Company's obligation to be responsive to the market
13 for talent and assure the competitiveness of the total compensation package,
14 consisting of base salary, cash based incentives, long-term incentive
15 compensation, retirement and other benefits. Similarly, we need to keep
16 employees engaged and trained. Our employee programs enhance and reinforce
17 employee engagement and/or reduce overall costs. Business units with more
18 engaged employees have lower levels of turnover and absenteeism and higher
19 levels of productivity and customer satisfaction. Using employee engagement
20 programs as a means of retaining critical skills benefits customers through higher
21 service levels and lower turnover costs. Experienced, engaged employees that are
22 incentivized to remain with the Company and work in a safe manner while

1 emphasizing high service levels benefit our customers. Company Witness
2 Metzler addresses these topics in more detail.

3 I was pleased to see that no party contested our proposal to eliminate
4 credit card fees, but I was disappointed that our adjustment to recover the uptick
5 in customer subscription was opposed by ORS. Company Witness Quick
6 addresses this in more detail, but the use of credit cards for no additional fee is a
7 constant wish of our customers that we are ready and willing to meet, but we
8 should not be harmed by meeting that need.

9 Finally, two other issues are of great concern to me. The first is the
10 apparent misunderstanding regarding the Company's Basic Facilities Charge. We
11 have proposed a cost based charge—that would allocate to each customer the
12 costs to have the infrastructure available to serve them. Any costs that are in the
13 Basic Facilities Charge are not included in the variable rate component of the rate
14 schedule. Parties seem to assume the change in the Basic Facilities Charge is
15 additive—it is not. Moreover, this charge ensures that other customers are not
16 subsidizing low usage customers, such as customers with vacation or second
17 homes. Recovery of all customer related costs through the Basic Facilities
18 Charge reduces bills from what they would otherwise be in very hot summer
19 months and very cold winter months. Nonetheless, as Company Witness Pirro
20 explains, if the change is considered too great we have proposed an alternate
21 approach with a more gradual increase to the Basic Facilities Charge and to
22 reinstate the remaining costs back into the variable component.

1 The second issue I'd like to address is the strong reaction we have seen to
2 our Grid Improvement Plan. While parties may want more time to understand the
3 plan over and above the stakeholder engagement sessions that we started this
4 summer, we believe we have met our evidentiary burden in this case. However,
5 should the Commission wish to open a separate docket, the Company is willing to
6 do so provided that the Commission extends its previous deferral Order No. 2018-
7 751 during the pendency of the proceeding until the Company can come back for
8 a rate proceeding to address cost recovery. Extension of that deferral does delay
9 cost recovery past what the Company proposed in this case, but given multiple
10 parties' advocacy on this issue, that could be a fair and reasonable resolution to
11 the concerns in this docket.

12 **Q. DOES YOUR SUMMARY OR TESTIMONY ADDRESS ALL ISSUES IN**
13 **THIS CASE?**

14 A. No, my testimony is designed to provide an overview of our rebuttal case, but I
15 have not attempted to capture them all in my testimony. Our witnesses address
16 additional topics on a case by case basis.

17 **Q. PLEASE ADDRESS THE COMPANY'S RESPONSE TO PROPOSED**
18 **DISALLOWANCES FOR ENVIRONMENTAL COMPLIANCE COSTS.**

19 A. In its testimony, the ORS dangerously suggests that the Commission should not
20 approve any costs that the Company incurred to comply with the Coal Ash
21 Management Act ("CAMA") in North Carolina under the apparent theory that
22 South Carolina customers should only receive the benefits of sharing power
23 generation assets with North Carolina but pay none of the costs that the Company

1 has to incur to comply with North Carolina laws and policies. In direct
2 contradiction to its own position, however, ORS suggests that North Carolina
3 customers should absolutely pay for the costs that the Company has to incur to
4 comply with the laws and policies of South Carolina. The inequity of ORS's
5 position is apparent.

6 Additionally, the ORS is factually incorrect when it suggests that CAMA
7 has imposed additional expenses on South Carolina customers. To the contrary,
8 the coal ash beneficiation requirements in CAMA will actually provide South
9 Carolina customers millions of dollars in net savings, all of which would have to
10 be refunded to North Carolina customers if their ill-conceived proposal to reject
11 CAMA is accepted. Moreover, if ORS's position is taken to its logical
12 conclusion, it would call into question the continued wisdom of sharing assets and
13 economies of scale across jurisdictional boundaries, a result that would harm all
14 customers with higher prices and the costs of uneconomic duplication of assets.
15 These dire consequences are discussed in more detail by Company Witnesses
16 Kerin and Wright.

17 Witnesses Kerin and Wright also address the unsubstantiated claim by
18 SCEUC Witness O'Donnell to disallow 75 percent of these costs. This proposal
19 is so reckless and unsubstantiated that it should be summarily rejected by the
20 Commission.

1 **Q. PLEASE ADDRESS THE COMPANY'S RESPONSE TO ORS'S**
2 **PROPOSED DISALLOWANCES RELATED TO DEFERRED BALANCES.**

3 A. The ORS does not raise any imprudence allegations regarding the Company's
4 actions relative to expenses included in deferred balances; it simply ignores that
5 the timeliness of cost recovery matters and that the Company must finance the
6 deferred balances. The ORS proposes stretching out certain deferred costs over
7 extended periods of time without recognizing the the costs to finance the balances
8 during that period. Although we are generally not in dispute over the underlying
9 actions which resulted in the deferred balances, ORS takes a drastic position on
10 the return on those balances during the deferral period and amortization periods to
11 somehow suggest that the Company is profiting from delayed recovery of costs.
12 This is not the case. The Company is trying to recover its carrying costs on the
13 value of money based upon our financing structure. The Company's financing is
14 made up of both debt and equity, and to ignore the way the Company finances its
15 costs will cause grave concern to investors as articulated by Company Witness
16 Hevert. It would also, depart from good regulatory practice as explained by
17 Company Witness Dr. Wright, and have other negative implications as explained
18 by Company Witness Smith. I also see a contradiction in ORS's position, because
19 at the same time the ORS proposes to effectively disallow deferred costs (without
20 any allegation of imprudence), the ORS cost of equity witness relies upon the
21 deferrals to arbitrarily attempt to lower the Company's cost of capital. It is a
22 contradiction to rely upon those deferrals in one witness's recommendation, but
23 then cut them in another.

1 **Q. PLEASE ADDRESS THE COMPANY’S REACTION TO THE PROPOSED**
2 **ROE OFFERED BY ORS WITNESS PARCELL.**

3 A. We are also concerned about the cost of capital proposed by ORS. We agree on
4 capital structure, but we have one correction to the actual 12/31/2018 debt rate as
5 explained by Company Witnesses Sullivan and Smith in their rebuttal testimonies.
6 As to the return on equity proposed by ORS, both Mr. Hevert and Mr. Sullivan
7 explain that the Company competes for capital with other vertically integrated
8 electric utilities, its ROE proposal is generally in line with authorized ROEs
9 determined by other regulatory commissions, and that the ORS proposal is
10 significantly lower than those authorized ROEs. This is particularly true with
11 respect to other vertically integrated electric utilities in the Southeastern United
12 States, as Mr. Sullivan notes. To put the Company at a disadvantage vis-à-vis its
13 competitors would be a disservice to customers, and will only cause the cost of
14 capital, particularly equity capital, to rise in the future as rating agencies and
15 equity analysts reconsider whether South Carolina will remain a jurisdiction
16 recognized as one with constructive and credit supportive regulation

17 **Q. DOES THE COMPANY DISAGREE WITH OTHER DISALLOWANCE**
18 **RECOMMENDATIONS MADE BY ORS?**

19 A. Yes. Another ORS proposal that the Company would like to address is the ORS’s
20 disallowance of the costs to participate in local organizations in the communities
21 that we serve. Organizations like chambers of commerce, economic development
22 associations, and tourism organizations all exist to bring more industry and
23 residents to their region. Duke Energy pays dues to be a part of these

1 organizations because we believe it is important to participate in the communities
2 we serve, and to be engaged at a local level to ensure we understand our
3 customers' needs. This is important in everyday business, but also storm
4 restoration and economic development efforts.

5 For example, our participation in such organizations gets us to the table
6 early for economic development opportunities which benefits our customers and
7 the State. This helps with capacity and reliability discussions, method-of-service
8 decisions, incentive considerations, and more. These discussions and decisions
9 are all important aspects of recruiting prospects, securing deals, and announcing
10 wins for our state. Our contributions to these organizations have a direct link to
11 winning projects for the state of South Carolina. Some notable wins over the past
12 few years include: Toray and Kobelco of Spartanburg County, Giti and Sun Fiber
13 of Chester County, and the Nutramax Labs expansion in Lancaster County. I
14 don't understand why the ORS believes it is inappropriate for the Company to be
15 a good, involved corporate citizen in the communities we serve.

16 **Q. PLEASE DESCRIBE THE COMPANY'S OVERARCHING CONCERNS**
17 **ON EMPLOYEE-RELATED COST DISALLOWANCES PROPOSED BY**
18 **THE ORS.**

19 A. I am also concerned about the ORS disallowing compensation costs and normal
20 company costs to reward and engage employees. Our customers are direct
21 beneficiaries of the good work of our employees. No one has argued that our
22 overall salary levels are at issue, rather the ORS proposes to disallow
23 compensation based on how we pay, versus what we pay. As explained by

1 Witness Metzler, the purpose of carving out a portion of employees' total
2 compensation and delivering it through variable incentive pay is to encourage
3 employees to accomplish objectives intended to ensure safe, reliable, and
4 economical utility service to our customers. This variable incentive pay also
5 ensures that the employees' business units and Duke Energy's overall objectives
6 are met. This not only allows Duke Energy to be competitive in the market, but
7 helps retain the level of talent that the energy industry demands, in order to best
8 serve the customer, safely and efficiently. We also need to keep employees
9 engaged and trained, and Witness Metzler addresses certain recommendations to
10 disallow such costs as well.

11 **Q. PLEASE PROVIDE THE COMPANY'S REACTION TO THE ORS AND**
12 **OTHERS' RECOMMENDATIONS REGARDING THE BASIC FACILITIES**
13 **CHARGE.**

14 A. Another area of concern is the various positions from ORS and intervenors on the
15 Basic Facilities Charge. We recognize this is a major issue for many parties, but
16 for us, while we care very much about our customers, this is also an essential
17 element of cost recovery. For every dollar that is not recovered through the Basic
18 Facilities Charge, it has to be recovered through volumetric rates, and that can
19 create cost shifts as well as "spikier" bills in hot summers or cold winters. For
20 example, not having an appropriate Basic Facilities Charge means that other
21 customers are subsidizing low usage customers, such as people with vacation
22 homes or people with second homes elsewhere in the state of South Carolina.
23 Moreover, the Intervenorors have not recognized the benefits of the Basic Facilities

1 Charge increase - that it will also reduce volumetric swings, making bills in the
2 summer and winter more tolerable. In other words, the increase in the Basic
3 Facilities Charge also has a smoothing effect on rates that benefits customers.
4 Notwithstanding these aspects of our proposal, we have read the testimony from
5 the other parties and understand that their concerns remain. As noted in Witness
6 Pirro's rebuttal testimony, the Company's cost of service studies, which were
7 accepted by the ORS, indicates that these costs are Customer costs and therefore
8 the Basic Facilities Charge should recover them. If the Commission believes that
9 our proposed increase to the Basic Facilities Charge is too drastic a change at this
10 time, I would point the Commission and parties to Witness Pirro's alternative
11 suggestion of setting the Basic Facilities Charge rate to 50 percent of the
12 difference between the current rate and the cost basis, reducing the proposed
13 Basic Facilities Charge to \$18.15 while shifting the other revenue requirement to
14 the variable component in a manner consistent with that proposed by ORS.

15 **Q. PLEASE PROVIDE THE COMPANY'S REACTION TO THE ORS AND**
16 **OTHERS' RECOMMENDATIONS REGARDING THE COMPANY'S**
17 **GRID IMPROVEMENT PLAN.**

18 A. Our grid proposal has brought a lot of Intervenor to the table. It occurs to me
19 that there are a lot of contradictory points raised by intervenors. On one hand, we
20 have been criticized for not conducting enough stakeholder engagement while on
21 the other hand we have been praised for our engagement. We have been criticized
22 for not following a Certificate of Public Convenience and Necessity ("CPCN")-
23 like process when that is exactly what we have proposed, even though there is no

1 CPCN statute for grid investment in South Carolina. Notwithstanding those
2 criticisms, we have brought these costs to the Commission and parties for a
3 transparent view of what we plan to spend in the next three years alone. We have
4 not asked for overarching approval of our grid improvement plan, but we have
5 filed it for transparency and for a full view of what our costs will be for the next
6 couple of years and we have asked for step up rate increases to recover that
7 investment, as proposed originally by Witness Oliver and further explained in his
8 rebuttal. We believe South Carolina law allows for this and the Commission has
9 done this before in other utility cases, albeit those were settled cases. See Order
10 Number 93-465 in Docket Number 92-619-E; Order Number 2005-83 in Docket
11 Number 2004-259-S; and Order Number 2005-42 in Docket Number 2004-212-S.
12 More importantly, no one has contested the financial effects of not having positive
13 regulatory treatment that were explained by Company Witness Smith in her direct
14 testimony. These are not generating plant investments that rate cases can be built
15 around once they come into service. These are iterative investments that have an
16 immediate negative financial effect on the Company once complete, both from an
17 accounting and financial perspective. No one has contested that point.

18 We believe in our grid plans. As Company Witness Oliver explains, our
19 plans bring real benefits to the state of South Carolina and the longer the process
20 is extended, the more it could stagnate the investment the Company is ready to
21 make into this State and the communities we serve. It could be potentially more
22 expensive as we have to wait to deploy resources that are already lined up to
23 make these improvements for our customers. More importantly, we will delay the

1 benefit that we have clearly articulated through cost-benefit analysis provided
2 within the context of this case. The information that Intervenor say the Company
3 has not provided has been provided. We have provided strong evidence that our
4 plans are reasonable and our spend is reasonable over the next three years. We
5 understand that parties may disagree and we understand that parties may not like
6 what we have proposed, but it is wholly and factually incorrect to suggest that the
7 Company has not substantiated its case.

8 Moreover, even if there was a grid-specific statute along the lines of what
9 the Siting Act requires in South Carolina, those dockets take six months. If we had
10 proceeded under that process it would look exactly the same as what we have
11 proposed in this rate case: filing a request with estimates and explanation of need,
12 proposing the investment, parties' reviewal and the Commission making a
13 decision about the appropriateness of the investment and cost estimates. We
14 believe that we have satisfied the burden, whether it is a rate case burden or a
15 certificate of need-like burden by our proposal in this case. However, if the
16 Commission should decide to open another docket, as suggested by ORS and
17 other parties, it would be of paramount importance that the Commission continue
18 the deferral that it has previously approved to provide continuity—this would
19 serve much like Allowance for Funds Used During Construction does for a
20 generating plant. This is ultimately fair for all involved.

21 We understand this may be one of the most difficult areas in the case. We
22 acknowledge that others prefer we move in a different direction in this area. We
23 believe what we have proposed is the best way, but should the Commission be

1 persuaded by Intervenors to not allow our proposed step ups, at a very minimum
2 the Commission should continue the deferral that is currently in place pursuant to
3 Order No. 2018-751 while the Company continues to answer questions in a
4 subsequent docket and provide more information as we move toward modernizing
5 and improving the grid.

6 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

7 A. Yes.